

UNIFIED SCHOOL DISTRICT NO. 348

Baldwin City, Kansas

Financial Statements

For the Year Ended June 30, 2011

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UNIFIED SCHOOL DISTRICT NO. 348
Baldwin City, Kansas
Financial Statements
For the Year Ended June 30, 2011

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For the Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Education
Unified School District No. 348
Baldwin City, Kansas

We have audited the primary government financial statements of Unified School District No. 348, Baldwin City, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2010. The financial statements as of and for the year ended June 30, 2010, were audited by other auditors whose report dated February 24, 2011, expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unqualified opinion as to presentation on the Kansas prescribed basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include only the primary government of the District, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the District's legal entity. The financial statements do not include financial data for the District's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government.

As described in Note 1, Unified School District No. 348, Baldwin City, Kansas, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the omission of the financial data of component units of the District, and because of the District's policy to prepare its financial statements on the basis of accounting discussed above, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles, generally accepted in the United States of America, the financial position of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the District, as of June 30, 2011, or the respective changes in financial position for the year then ended.

Also, in our opinion, except for the July 2011 receipt of the final state aid payment for the fiscal year ended June 30, 2011 being recorded in June 2011, the financial statements referred to above present fairly, in all material respects, the fund cash and unencumbered cash balances of the District as of June 30, 2011, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2010, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U. S. Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lowenthal, Wett & Odernann, P.A.

December 8, 2011

UNIFIED SCHOOL DISTRICT NO. 348
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2011

<u>Fund</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Add Outstanding Encumbrances and Accounts Payable	Ending Cash <u>Balance</u>
General Fund	\$ -	\$ -	\$ 8,437,586	\$ 8,437,586	\$ -	\$ 11,135	\$ 11,135
Special Revenue Funds:							
Supplemental General	-	-	2,780,002	2,752,800	27,202	-	27,202
At risk (4 Year Old)	-	-	100,751	100,751	-	-	-
At risk (K-12)	18,273	-	401,898	359,753	60,418	-	60,418
Bilingual education	-	-	1,335	1,335	-	-	-
Capital outlay	371,762	-	475,115	536,538	310,339	59,850	370,189
Driver training	16,344	-	10,774	12,415	14,703	-	14,703
Food service	102,189	-	586,781	541,940	147,030	-	147,030
Professional development	3,464	-	5,997	9,461	-	-	-
Parent education program	-	-	143,860	143,860	-	-	-
Special education	214,922	-	1,645,591	1,651,829	208,684	-	208,684
Vocational education	40,147	-	245,453	265,600	20,000	-	20,000
KPERS special retirement contribution	-	-	432,997	432,997	-	-	-
Contingency reserve	144,000	-	470,102	176,414	437,688	-	437,688
Textbook and student material revolving	123,764	-	149,385	131,351	141,798	79,119	220,917
State and local	638	-	96,685	96,970	353	11,198	11,551
Federal grants	3,649	-	184,627	196,659	[8,383]	-	[8,383]
Gate Receipts	6,590	-	77,560	78,303	5,847	-	5,847
School projects	37,132	-	483,411	491,448	29,095	-	29,095
Debt Service Fund:							
Bond and Interest	896,518	-	3,293,026	2,265,308	1,924,236	-	1,924,236
Capital Project Fund:							
New Construction	521,253	-	2,099,298	2,184,041	436,510	714,870	1,151,380
Total Primary Government	<u>\$ 2,500,645</u>	<u>\$ -</u>	<u>\$ 22,122,234</u>	<u>\$ 20,867,359</u>	<u>\$ 3,755,520</u>	<u>\$ 876,172</u>	<u>\$ 4,631,692</u>

Composition of Cash:

Baldwin State Bank	
Checking Accounts	\$ 3,543,209
Kansas State Bank	
Checking Accounts	<u>1,151,380</u>

Total Cash 4,694,589

Less: Agency Funds per Statement 4 [62,897]

Total Primary Government (excluding Agency Funds per Statement 4) \$ 4,631,692

STATEMENT 2

UNIFIED SCHOOL DISTRICT NO. 348
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
For the Year Ended June 30, 2011

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Fund	\$ 8,277,960	\$ [45,693]	\$ 205,319	\$ 8,437,586	\$ 8,437,586	\$ -
Special Revenue Funds:						
Supplemental General	2,752,800	-	-	2,752,800	2,752,800	-
At risk (4 Year Old)	105,300	-	-	105,300	100,751	4,549
At risk (K-12)	408,941	-	-	408,941	359,753	49,188
Bilingual education	4,401	-	-	4,401	1,335	3,066
Capital outlay	840,730	-	-	840,730	536,538	304,192
Driver training	18,284	-	-	18,284	12,415	5,869
Food service	610,121	-	-	610,121	541,940	68,181
Professional development	23,464	-	-	23,464	9,461	14,003
Parent education program	144,688	-	-	144,688	143,860	828
Special education	1,656,515	-	-	1,656,515	1,651,829	4,686
Vocational education	294,587	-	-	294,587	265,600	28,987
KPERS special retirement contribution	647,462	-	-	647,462	432,997	214,465
Federal grants	198,659	-	-	198,659	196,659	2,000
Debt Service Fund						
Bond and Interest	2,351,935	-	-	2,351,935	2,265,308	86,627

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 1,309,571	\$ 1,290,461	\$ 1,303,409	\$ [12,948]
Delinquent tax	26,441	37,405	19,243	18,162
Federal aid	373,384	385,198	140,021	245,177
State aid:				
Equalization aid	5,265,998	5,498,887	5,789,102	[290,215]
Special education aid	984,014	1,020,316	1,026,185	[5,869]
Miscellaneous revenues	71,729	138,144	-	138,144
Reimbursed expenses	84,106	67,175	-	67,175
Total Cash Receipts and Transfers	<u>8,115,243</u>	<u>8,437,586</u>	<u>\$ 8,277,960</u>	<u>\$ 159,626</u>
Expenditures and Transfers				
Instruction	3,119,400	2,717,976	\$ 2,759,313	\$ 41,337
Student support services	188,236	159,407	158,421	[986]
Instructional support staff	313,870	329,896	327,455	[2,441]
General administration	223,966	227,370	236,105	8,735
School administration	989,760	887,970	863,106	[24,864]
Operations and maintenance	1,030,629	1,235,767	1,313,353	77,586
Transportation	339,763	412,716	394,816	[17,900]
Other supplemental services	265,775	263,077	267,218	4,141
Transfers out	1,643,844	2,203,407	1,958,173	[245,234]
Adjustment to comply with legal max budget	-	-	[45,693]	[45,693]
Adjustment for qualifying budget credits	-	-	205,319	205,319
Total Expenditures and Transfers	<u>8,115,243</u>	<u>8,437,586</u>	<u>\$ 8,437,586</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Supplemental General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year	Current Year		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Positive [Negative]
Cash Receipts and Transfers				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 1,226,242	\$ 1,478,744	\$ 1,603,286	\$ [124,542]
Delinquent tax	26,069	37,742	17,978	19,764
Motor vehicle tax	147,916	149,296	165,062	[15,766]
Recreational vehicle tax	2,942	2,875	3,057	[182]
Rent excise tax	81	88	-	88
Federal aid	294,348	-	-	-
State aid:				
Equalization aid	866,341	1,111,257	1,114,933	[3,676]
Total Cash Receipts and Transfers	<u>2,563,939</u>	<u>2,780,002</u>	<u>\$ 2,904,316</u>	<u>\$ [124,314]</u>
Expenditures and Transfers				
Instruction	1,534,403	1,933,096	\$ 1,964,594	\$ 31,498
Student support services	14,436	13,054	14,500	1,446
Instructional support staff	48,204	-	-	-
School administration	10,267	10,284	10,300	16
Operations and maintenance	96,607	28,371	29,300	929
Transportation	11,303	-	-	-
Transfers out	895,119	767,995	734,106	[33,889]
Total Expenditures and Transfers	<u>2,610,339</u>	<u>2,752,800</u>	<u>\$ 2,752,800</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[46,400]	27,202		
Unencumbered Cash, Beginning	<u>46,400</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 27,202</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (4 Year Old) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Miscellaneous revenues	\$ 1,608	\$ -	\$ 5,000	\$ [5,000]
Transfers in	102,901	100,751	100,300	451
Total Cash Receipts and Transfers	<u>104,509</u>	<u>100,751</u>	<u>\$ 105,300</u>	<u>\$ [4,549]</u>
Expenditures and Transfers				
Instruction	80,556	91,931	\$ 85,554	\$ [6,377]
School administration	2,750	3,000	-	[3,000]
Transportation	15,383	-	13,926	13,926
Food service	5,820	5,820	5,820	-
Total Expenditures and Transfers	<u>104,509</u>	<u>100,751</u>	<u>\$ 105,300</u>	<u>\$ 4,549</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (K-12) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Miscellaneous revenues	\$ -	\$ 200	\$ -	\$ 200
Transfers in	<u>334,670</u>	<u>401,698</u>	<u>390,668</u>	<u>11,030</u>
Total Cash Receipts and Transfers	<u>334,670</u>	<u>401,898</u>	<u>\$ 390,668</u>	<u>\$ 11,230</u>
Expenditures and Transfers				
Instruction	258,338	267,182	\$ 317,580	\$ 50,398
Student support services	58,059	92,021	91,361	[660]
Instructional support staff	<u>-</u>	<u>550</u>	<u>-</u>	<u>[550]</u>
Total Expenditures and Transfers	<u>316,397</u>	<u>359,753</u>	<u>\$ 408,941</u>	<u>\$ 49,188</u>
Receipts Over [Under] Expenditures	18,273	42,145		
Unencumbered Cash, Beginning	<u>-</u>	<u>18,273</u>		
Unencumbered Cash, Ending	<u>\$ 18,273</u>	<u>\$ 60,418</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Bilingual Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Transfers in	\$ 1,537	\$ 1,335	\$ 4,401	\$ [3,066]
Total Cash Receipts and Transfers	<u>1,537</u>	<u>1,335</u>	<u>\$ 4,401</u>	<u>\$ [3,066]</u>
Expenditures and Transfers				
Instruction	<u>1,537</u>	<u>1,335</u>	<u>\$ 4,401</u>	<u>\$ 3,066</u>
Total Expenditures and Transfers	<u>1,537</u>	<u>1,335</u>	<u>\$ 4,401</u>	<u>\$ 3,066</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Capital Outlay Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 573,866	\$ 360,975	\$ 364,339	\$ [3,364]
Delinquent tax	11,210	16,266	8,429	7,837
Motor vehicle tax	69,006	67,681	74,814	[7,133]
Recreational vehicle	1,373	1,303	1,386	[83]
Rent excise tax	37	28	-	28
Investment income	3,754	3,193	5,000	[1,807]
Miscellaneous	41,888	25,669	15,000	10,669
Total Cash Receipts and Transfers	<u>701,134</u>	<u>475,115</u>	<u>\$ 468,968</u>	<u>\$ 6,147</u>
Expenditures and Transfers				
Equipment and furniture	863,800	175,238	\$ 420,258	\$ 245,020
Facility acquisition and repair	-	223,937	283,109	59,172
Debt service	-	137,363	137,363	-
Total Expenditures and Transfers	<u>863,800</u>	<u>536,538</u>	<u>\$ 840,730</u>	<u>\$ 304,192</u>
Receipts Over [Under] Expenditures	[162,666]	[61,423]		
Unencumbered Cash, Beginning	<u>534,428</u>	<u>371,762</u>		
Unencumbered Cash, Ending	<u>\$ 371,762</u>	<u>\$ 310,339</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Driver Training Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year	Current Year		Variance Positive
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Negative]</u>
Cash Receipts and Transfers				
State aid	\$ 2,000	\$ 3,478	\$ 2,940	\$ 538
Charges for services	10,467	7,296	7,000	296
Total Cash Receipts and Transfers	<u>12,467</u>	<u>10,774</u>	<u>\$ 9,940</u>	<u>\$ 834</u>
Expenditures and Transfers				
Instruction	9,131	11,573	\$ 12,166	\$ 593
Vehicle operating and maintenance services	750	842	6,118	5,276
Total Expenditures and Transfers	<u>9,881</u>	<u>12,415</u>	<u>\$ 18,284</u>	<u>\$ 5,869</u>
Receipts Over [Under] Expenditures	2,586	[1,641]		
Unencumbered Cash, Beginning	<u>13,758</u>	<u>16,344</u>		
Unencumbered Cash, Ending	<u>\$ 16,344</u>	<u>\$ 14,703</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Food Service Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Federal aid	\$ 188,140	\$ 221,414	\$ 188,129	\$ 33,285
State aid	6,815	6,075	6,161	[86]
Charges for services	351,922	339,837	351,142	[11,305]
Miscellaneous	12,117	19,241	12,000	7,241
Investment income	236	214	500	[286]
Total Cash Receipts and Transfers	<u>559,230</u>	<u>586,781</u>	<u>\$ 557,932</u>	<u>\$ 28,849</u>
Expenditures and Transfers				
Food service	<u>566,661</u>	<u>541,940</u>	<u>\$ 610,121</u>	<u>\$ 68,181</u>
Total Expenditures and Transfers	<u>566,661</u>	<u>541,940</u>	<u>\$ 610,121</u>	<u>\$ 68,181</u>
Receipts Over [Under] Expenditures	[7,431]	44,841		
Unencumbered Cash, Beginning	<u>109,620</u>	<u>102,189</u>		
Unencumbered Cash, Ending	<u>\$ 102,189</u>	<u>\$ 147,030</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Professional Development Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
State aid	\$ 2,380	\$ -	\$ -	\$ -
Transfers in	14,680	5,997	20,000	[14,003]
Total Cash Receipts and Transfers	17,060	5,997	20,000	[14,003]
Expenditures and Transfers				
Instruction				
Inservice	213	1,228	\$ -	\$ [1,228]
Instructional support				
Travel and registration	14,480	8,233	23,464	15,231
Total Expenditures and Transfers	14,693	9,461	23,464	14,003
Receipts Over [Under] Expenditures	2,367	[3,464]		
Unencumbered Cash, Beginning	1,097	3,464		
Unencumbered Cash, Ending	\$ 3,464	\$ -		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Parent Education Program Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
State aid	\$ 109,612	\$ 86,862	\$ 87,690	\$ [828]
Transfers in	<u>56,998</u>	<u>56,998</u>	<u>56,998</u>	<u>-</u>
Total Cash Receipts and Transfers	<u>166,610</u>	<u>143,860</u>	<u>\$ 144,688</u>	<u>\$ [828]</u>
Expenditures and Transfers				
Student support services	144,688	122,948	\$ 139,461	\$ 16,513
School administration	-	20,262	5,227	[15,035]
Other supplemental services	<u>-</u>	<u>650</u>	<u>-</u>	<u>[650]</u>
Total Expenditures and Transfers	<u>144,688</u>	<u>143,860</u>	<u>\$ 144,688</u>	<u>\$ 828</u>
Receipts [Under] Expenditures	21,922	-		
Unencumbered Cash, Beginning	<u>[21,922]</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Investment income	\$ 262	\$ 157	\$ 300	\$ [143]
Miscellaneous revenues	-	20,118	10,000	10,118
Transfers in	<u>1,593,755</u>	<u>1,625,316</u>	<u>1,531,293</u>	<u>94,023</u>
Total Cash Receipts and Transfers	<u>1,594,017</u>	<u>1,645,591</u>	<u>\$ 1,541,593</u>	<u>\$ 103,998</u>
Expenditures and Transfers				
Instruction	1,422,889	1,500,399	\$ 1,488,812	\$ [11,587]
Student support services	107,703	111,615	106,066	[5,549]
Vehicle operating services	<u>47,037</u>	<u>39,815</u>	<u>61,637</u>	<u>21,822</u>
Total Expenditures and Transfers	<u>1,577,629</u>	<u>1,651,829</u>	<u>\$ 1,656,515</u>	<u>\$ 4,686</u>
Receipts Over [Under] Expenditures	16,388	[6,238]		
Unencumbered Cash, Beginning	<u>198,534</u>	<u>214,922</u>		
Unencumbered Cash, Ending	<u>\$ 214,922</u>	<u>\$ 208,684</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Vocational Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Charges for services	\$ 5,175	\$ 1,879	\$ -	\$ 1,879
Federal aid	-	14,369	-	14,369
Transfers in	<u>326,422</u>	<u>229,205</u>	<u>250,587</u>	<u>[21,382]</u>
Total Cash Receipts and Transfers	<u>331,597</u>	<u>245,453</u>	<u>\$ 250,587</u>	<u>\$ [5,134]</u>
Expenditures and Transfers				
Instruction	<u>291,450</u>	<u>265,600</u>	<u>\$ 294,587</u>	<u>\$ 28,987</u>
Total Expenditures and Transfers	<u>291,450</u>	<u>265,600</u>	<u>\$ 294,587</u>	<u>\$ 28,987</u>
Receipts Over [Under] Expenditures	40,147	[20,147]		
Unencumbered Cash, Beginning	<u>-</u>	<u>40,147</u>		
Unencumbered Cash, Ending	<u>\$ 40,147</u>	<u>\$ 20,000</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
KPERS Special Retirement Contribution Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State aid	\$ 539,552	\$ 432,997	\$ 647,462	\$ [214,465]
Total Cash Receipts	<u>539,552</u>	<u>432,997</u>	<u>\$ 647,462</u>	<u>\$ [214,465]</u>
Expenditures and Transfers				
Instruction	333,658	261,141	\$ 390,477	\$ 129,336
Student support services	29,999	27,322	40,848	13,526
Instructional support	22,607	17,969	26,898	8,929
General administration	11,223	9,006	13,449	4,443
School administration	59,513	44,642	66,746	22,104
Other supplemental services	14,514	31,566	19,424	[12,142]
Operations and maintenance	32,643	17,320	47,222	29,902
Transportation	24,295	11,041	25,898	14,857
Food service	11,100	12,990	16,500	3,510
Total Expenditures and Transfers	<u>539,552</u>	<u>432,997</u>	<u>\$ 647,462</u>	<u>\$ 214,465</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual
Contingency Reserve Fund *
For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts and Transfers		
Transfers in	\$ 48,000	\$ 470,102
Total Cash Receipts and Transfers	<u>48,000</u>	<u>470,102</u>
Expenditures and Transfers		
Instruction	-	99,308
Student support services	-	8,710
Instructional support staff	-	22,522
General administration	-	2,775
School administration	-	12,883
Operations and maintenance	-	12,632
Transportation	-	6,672
Other supplemental services	-	10,912
Total Expenditures and Transfers	<u>-</u>	<u>176,414</u>
Receipts Over [Under] Expenditures	48,000	293,688
Unencumbered Cash, Beginning	<u>96,000</u>	<u>144,000</u>
Unencumbered Cash, Ending	<u>\$ 144,000</u>	<u>\$ 437,688</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual
Textbook & Student Material Revolving Fund *
For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts and Transfers		
Charges for services	\$ 63,548	\$ 69,385
Transfers in	<u>60,000</u>	<u>80,000</u>
Total Cash Receipts and Transfers	<u>123,548</u>	<u>149,385</u>
Expenditures and Transfers		
Instruction	<u>120,976</u>	<u>131,351</u>
Total Expenditures and Transfers	<u>120,976</u>	<u>131,351</u>
Receipts Over [Under] Expenditures	2,572	18,034
Unencumbered Cash, Beginning	<u>121,192</u>	<u>123,764</u>
Unencumbered Cash, Ending	<u>\$ 123,764</u>	<u>\$ 141,798</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual
State and Local Funds *
For the Year Ended June 30, 2011

	Pre K Pilot Grant	Other Grants	Total
Cash Receipts and Transfers			
State and local sources	\$ 58,630	\$ 38,055	\$ 96,685
Total Cash Receipts and Transfers	<u>58,630</u>	<u>38,055</u>	<u>96,685</u>
Expenditures and Transfers			
Instruction	<u>57,230</u>	<u>39,740</u>	<u>96,970</u>
Total Expenditures and Transfers	<u>57,230</u>	<u>39,740</u>	<u>96,970</u>
Receipts Over [Under] Expenditures	1,400	[1,685]	[285]
Unencumbered Cash, Beginning	<u>[1,400]</u>	<u>2,038</u>	<u>638</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 353</u>	<u>\$ 353</u>

* These funds are not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Federal Grants Fund
For the Year Ended June 30, 2011

	Title I	Title I ARRA	Title II-A	Title II-D	Actual	Budget	Variance Positive [Negative]
Cash Receipts and Transfers							
Federal aid	\$ 125,871	\$ 25,887	\$ 32,443	\$ 426	\$ 184,627	\$ 195,010	\$ [10,383]
Total Cash Receipts and Transfers	<u>125,871</u>	<u>25,887</u>	<u>32,443</u>	<u>426</u>	<u>184,627</u>	<u>\$ 195,010</u>	<u>\$ [10,383]</u>
Expenditures and Transfers							
Instruction	129,520	28,854	32,443	319	191,136	\$ 193,659	\$ 2,523
Instructional support	-	5,416	-	107	5,523	5,000	[523]
Total Expenditures and Transfers	<u>129,520</u>	<u>34,270</u>	<u>32,443</u>	<u>426</u>	<u>196,659</u>	<u>\$ 198,659</u>	<u>\$ 2,000</u>
Receipts Over [Under] Expenditures	[3,649]	[8,383]	-	-	[12,032]		
Unencumbered Cash, Beginning	<u>3,649</u>	-	-	-	<u>3,649</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ [8,383]</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ [8,383]</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual and Budget
Bond and Interest Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts from the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts and Transfers				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 1,450,731	\$ 1,692,818	\$ 1,710,114	\$ [17,296]
Delinquent tax	15,436	27,408	21,718	5,690
Motor vehicle tax	88,468	110,104	123,459	[13,355]
Recreational vehicle tax	1,760	2,158	2,287	[129]
Rental excise tax	76	103	-	103
State aid	504,971	658,402	658,402	-
Miscellaneous	-	2,033	-	2,033
Transfers in	22,738	800,000	-	800,000
Total Cash Receipts and Transfers	<u>2,084,180</u>	<u>3,293,026</u>	<u>\$ 2,515,980</u>	<u>\$ 777,046</u>
Expenditures and Transfers				
Principal	670,000	745,000	\$ 745,000	\$ -
Interest	1,071,311	1,520,305	1,606,435	86,130
Commission	4	3	500	497
Total Expenditures and Transfers	<u>1,741,315</u>	<u>2,265,308</u>	<u>\$ 2,351,935</u>	<u>\$ 86,627</u>
Receipts Over [Under] Expenditures	342,865	1,027,718		
Unencumbered Cash, Beginning	<u>553,653</u>	<u>896,518</u>		
Unencumbered Cash, Ending	<u>\$ 896,518</u>	<u>\$ 1,924,236</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Expenditures - Actual
New Construction Fund *
For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts and Transfers		
Bond revenue	\$ 12,922,738	\$ -
Interest on idle funds	54,189	23,879
FEMA grant	<u>512,204</u>	<u>2,075,419</u>
Total Cash Receipts and Transfers	<u>13,489,131</u>	<u>2,099,298</u>
Expenditures and Transfers		
Other supplemental services	138,247	425,998
Facilities acquisition and construction	17,436,190	958,043
Transfers out	<u>22,739</u>	<u>800,000</u>
Total Expenditures and Transfers	<u>17,597,176</u>	<u>2,184,041</u>
Receipts Over [Under] Expenditures	[4,108,045]	[84,743]
Unencumbered Cash, Beginning	<u>4,629,298</u>	<u>521,253</u>
Unencumbered Cash, Ending	<u>\$ 521,253</u>	<u>\$ 436,510</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Cash Disbursements
Agency Funds
For the Year Ended June 30, 2011

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
STUDENT ORGANIZATIONS				
Marion Springs Elementary School				
Student Council	\$ 658	\$ 2,923	\$ 3,581	\$ -
Music	81	14	95	-
Building rental fees	20	205	225	-
Yearbook	656	294	950	-
Subtotal Marion Springs Elementary Student Organization Funds	<u>1,415</u>	<u>3,436</u>	<u>4,851</u>	<u>-</u>
Baldwin Elementary Intermediate Center				
Enrollment fees	35	6,192	6,127	100
Student Council	<u>1,837</u>	<u>920</u>	<u>1,186</u>	<u>1,571</u>
Subtotal Baldwin Elementary Intermediate Center Student Organization Funds	<u>1,872</u>	<u>7,112</u>	<u>7,313</u>	<u>1,671</u>
Baldwin Elementary Primary Center				
All day kindergarten fees	30	52,893	52,923	-
Student council	<u>1,219</u>	<u>1,466</u>	<u>1,026</u>	<u>1,659</u>
Subtotal Baldwin Elementary Primary Center Student Organization Funds	<u>1,249</u>	<u>54,359</u>	<u>53,949</u>	<u>1,659</u>
Total Elementary School Student Organization Funds	<u>4,536</u>	<u>64,907</u>	<u>66,113</u>	<u>3,330</u>
JUNIOR HIGH SCHOOL				
Baldwin Junior High School				
Band	495	1,895	1,315	1,075
Student store	-	2,101	1,539	562
Cheerleaders	56	5,461	5,485	32
Chorus	1,399	4,804	4,918	1,285
Football	2,058	2,517	3,301	1,274
Stuco	8,359	10,423	8,046	10,736
Volleyball	8	712	711	9
Yearbook	<u>2,778</u>	<u>4,767</u>	<u>5,465</u>	<u>2,080</u>
Total Baldwin Junior High Student Organization Funds	<u>15,153</u>	<u>32,680</u>	<u>30,780</u>	<u>17,053</u>
Total Junior High School Student Organization Funds	<u>15,153</u>	<u>32,680</u>	<u>30,780</u>	<u>17,053</u>

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts and Cash Disbursements (Continued)
Agency Funds
For the Year Ended June 30, 2011

<u>FUND</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
STUDENT ORGANIZATIONS - CONTINUED				
HIGH SCHOOL				
Baldwin High School				
Art Club	\$ 53	\$ 7,735	\$ 6,987	\$ 801
Animal club	-	130	130	-
Band	245	1,007	1,196	56
Baseball	9	8,782	7,414	1,377
BBB	1,216	1,975	3,191	-
Booster club	-	1,928	1,928	-
Cheerleaders	4,242	27,224	26,525	4,941
Class of '10	1,926	-	1,865	61
Class of '11	973	2,400	2,237	1,136
Class of '12	803	1,374	1,202	975
Class of '13	865	758	750	873
Class of '14	-	1,105	300	805
Close Up	122	1,497	1,093	526
Community service club	-	248	213	35
Cross country	970	4,805	5,029	746
Debate	13	101	64	50
FACS	2,919	1,090	942	3,067
International Club	83	-	-	83
Football	283	16,040	13,605	2,718
Forensics	2,461	846	1,591	1,716
FCCLA	914	685	967	632
Girls BB	955	4,667	4,343	1,279
Golf	422	-	190	232
Honor Society	440	795	815	420
Honors Banquet	477	2,202	2,700	[21]
Lettermen Club	1,972	1,236	460	2,748
Mardi gras game day	105	558	258	405
Pepsi	2,255	-	2,255	-
Pom Squad	2,509	7,874	8,819	1,564
Spanish Trip	37	-	-	37
Scholar's Bowl	78	-	-	78
Senior Projects	13	-	-	13
Soccer	163	1,177	568	772
Softball	147	6,855	5,950	1,052
Student rewards	65	-	-	65
Student Council	1,165	7,653	5,301	3,517
Stuco Concessions	-	6,266	6,188	78
Tennis	429	1,312	1,527	214
Training aide	-	95	72	23
Volleyball	30	2,995	3,007	18
Winner's Circle	1	-	-	1
Wrestling	276	13,590	11,064	2,802
Total Baldwin High School Student Organization Funds	<u>29,636</u>	<u>137,005</u>	<u>130,746</u>	<u>35,895</u>
Total High School Student Organization Funds	<u>29,636</u>	<u>137,005</u>	<u>130,746</u>	<u>35,895</u>
Recreation Commission				
General	-	324,711	324,711	-
Employee benefit and special liability	-	78,844	78,844	-
Total Recreation Commission	-	403,555	403,555	-
Payroll Clearing Fund	5,415	6,619	5,415	6,619
Total Agency Funds	<u>\$ 54,740</u>	<u>\$ 644,766</u>	<u>\$ 636,609</u>	<u>\$ 62,897</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts, Expenditures and Unencumbered Cash
District Activity Funds
For the Year Ended June 30, 2011

FUND	Beginning Unencumbered <u>Cash Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balances</u>	Outstanding Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
GATE RECEIPTS							
Baldwin High School							
Athletics	\$ 107	\$ -	\$ 53,216	\$ 53,323	\$ -	\$ -	\$ -
Musical	6,483	-	3,585	4,221	5,847	-	5,847
Baldwin Junior High School							
Athletics	-	-	20,759	20,759	-	-	-
Subtotal gate receipts	<u>6,590</u>	<u>-</u>	<u>77,560</u>	<u>78,303</u>	<u>5,847</u>	<u>-</u>	<u>5,847</u>
SCHOOL PROJECTS							
Vinland Elementary School							
Art	-	-	56	56	-	-	-
Building	-	-	35	35	-	-	-
Food service	-	-	14,327	14,327	-	-	-
Library	148	-	15	163	-	-	-
Planners	9	-	-	9	-	-	-
Yearbook	191	-	837	1,028	-	-	-
Greenhouse & landscaping	157	-	289	446	-	-	-
Classroom grant	915	-	-	915	-	-	-
Classroom project	10	-	996	1,006	-	-	-
Activity account	33	-	335	368	-	-	-
Author visit	68	-	100	168	-	-	-
Owl grant	267	-	2,243	2,510	-	-	-
Leadership team	533	-	163	696	-	-	-
Music	90	-	-	90	-	-	-
Sales tax	-	-	11	11	-	-	-
Petty cash	-	-	600	600	-	-	-
Textbook	-	-	2,555	2,555	-	-	-
Transportation	2	-	27	29	-	-	-
Playground grant	4	-	200	204	-	-	-
Subtotal Vinland Elementary School	<u>2,427</u>	<u>-</u>	<u>22,789</u>	<u>25,216</u>	<u>-</u>	<u>-</u>	<u>-</u>
Marion Springs Elementary School							
Food service	-	-	10,780	10,780	-	-	-
Art	39	-	-	39	-	-	-
Classroom projects	2,506	-	95	2,601	-	-	-
Environmental	1,021	-	-	1,021	-	-	-
Student planner	567	-	185	752	-	-	-
Textbook	-	-	2,255	2,255	-	-	-
Library	123	-	9	132	-	-	-
Field trips	33	-	129	162	-	-	-
Petty cash	-	-	689	689	-	-	-
Playground	742	-	-	742	-	-	-
Subtotal Marion Springs Elementary	<u>5,031</u>	<u>-</u>	<u>14,142</u>	<u>19,173</u>	<u>-</u>	<u>-</u>	<u>-</u>
Baldwin Elementary Intermediate Center							
Petty cash	-	-	1,000	150	850	-	850
Building	-	-	275	230	45	-	45
Food service	-	-	31,403	31,397	6	-	6
Classroom projects	2,354	-	3,946	4,567	1,733	-	1,733
Yearbook	2,204	-	1,745	1,419	2,530	-	2,530
MARS	1,175	-	1,200	520	1,855	-	1,855
Transportation	702	-	-	-	702	-	702
Library	200	-	13	48	165	-	165
Subtotal Baldwin Elementary Intermediate Center	<u>6,635</u>	<u>-</u>	<u>39,582</u>	<u>38,331</u>	<u>7,886</u>	<u>-</u>	<u>7,886</u>
Baldwin Elementary Primary Center							
Food service	-	-	40,232	40,232	-	-	-
Textbook	-	-	9,351	9,351	-	-	-
Petty cash	-	-	850	850	-	-	-
Classroom projects	4,653	-	6,366	6,600	4,419	-	4,419
Family aid	57	-	-	-	57	-	57
Library	395	-	81	-	476	-	476
Yearbook	3,975	-	1,999	1,837	4,137	-	4,137
Subtotal Baldwin Elementary Primary Center	<u>9,080</u>	<u>-</u>	<u>58,879</u>	<u>58,870</u>	<u>9,089</u>	<u>-</u>	<u>9,089</u>

UNIFIED SCHOOL DISTRICT NO. 348
Statement of Cash Receipts, Expenditures and Unencumbered Cash (Continued)
District Activity Funds
For the Year Ended June 30, 2011

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
SCHOOL PROJECTS - CONTINUED							
Baldwin Junior High School							
Building	\$ 2,155	\$ -	\$ 2,815	\$ 4,141	\$ 829	\$ -	\$ 829
Building concession	1,951	-	11,782	12,423	1,310	-	1,310
Building improvements	5	-	-	5	-	-	-
Bulldog den	38	-	396	294	140	-	140
Food service	-	-	82,561	82,561	-	-	-
Petty cash	-	-	1,300	1,300	-	-	-
Library	215	-	20	151	84	-	84
Textbook	-	-	16,954	16,954	-	-	-
Student	1,569	-	6,958	7,870	657	-	657
Total Baldwin Junior High School	5,933	-	122,786	125,699	3,020	-	3,020
 Baldwin High School							
Administration	143	-	5,765	4,221	1,687	-	1,687
AP Testing	-	-	4,535	4,535	-	-	-
Calendar	481	-	-	481	-	-	-
Dcoke	61	-	-	61	-	-	-
Driver training	-	-	8,113	8,113	-	-	-
Field Trips	73	-	752	757	68	-	68
France Trip	1,281	-	1,337	1,564	1,054	-	1,054
Journalism	117	-	-	68	49	-	49
Library Aide	87	-	76	37	126	-	126
Lockers	68	-	-	-	68	-	68
Lunch	30	-	124,717	124,707	40	-	40
Parking Permit	-	-	279	279	-	-	-
Petty cash	-	-	2,100	2,100	-	-	-
Sales tax	-	-	7,549	7,549	-	-	-
Schools store	793	-	626	581	838	-	838
Woodshop	-	-	1,893	1,893	-	-	-
Staff concessions	78	-	-	78	-	-	-
Testing	1,290	-	750	1,226	814	-	814
Textbook	-	-	31,673	31,673	-	-	-
Training	-	-	96	72	24	-	24
User fee	-	-	16,230	16,230	-	-	-
Video yearbook	520	-	-	-	520	-	520
Vocal music	2,748	-	2,872	2,199	3,421	-	3,421
VPL	-	-	200	200	-	-	-
Yearbook	256	-	15,670	15,535	391	-	391
Total Baldwin High School	8,026	-	225,233	224,159	9,100	-	9,100
 Subtotal school projects	37,132	-	483,411	491,448	29,095	-	29,095
 Total district activity funds	\$ 43,722	\$ -	\$560,971	\$ 569,751	\$ 34,942	\$ -	\$ 34,942

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 348 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the primary government financial statements and do not include all the entities for which the District is considered to be financially accountable, as required by generally accepted accounting principles. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The Recreation Commission financial data is not included as a component unit in these financial statements. A separate audited financial statement of the Recreation Commission can be obtained from the Recreation Commission. The Foundation financial data is not included as a component unit in these financial statements.

Recreation Commission is a joint recreation system established by the District and the City of Baldwin, Kansas, in accordance with K.S.A. 12-1925. The Commission oversees recreational activities. The tax funds for the operation of the Commission are levied by the District and are remitted directly to the Commission by the County. Bond issues for the Commission must be approved by the District. The Commission can sue and be sued. The acquisition of real property by the Commission must be approved by the District. The Commission as a component unit is not included in these financial statements.

Foundation is a not for profit corporation formed under the laws of the State of Kansas. The entity benefits the District's students by raising funds to be used for the student's benefit. The Foundation as a component unit is not included in these financial statements.

Reimbursed Expenses

Expenditures in the amount of \$205,319 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable has having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

The District has a GAAP waiver, which allows it to use this prescribed basis of accounting. When a local government adopts a Kansas GAAP waiver, K.S.A. 75-1120a specifically requires that the government must prepare its "financial statements and financial reports...on the basis of cash receipts and disbursements as adjusted to show compliance with the cash-basis and budget laws of this state." K.S.A.s 72-6417 and 72-6434 require that any general fund or supplemental general fund state aid payment that is due to be paid in June but is paid after that "shall be recorded and accounted for by the school districts as a receipt for the school year ending on the preceding June 30."

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

To attempt to reconcile this statutory conflict, the prescribed basis of accounting requires that state aid payments due in June but received in July be recorded in July of the following year in the financial statements. Compliance with K.S.A.s 72-6417 and 72-6434 is required to be presented in the notes to the financial statements. The District has chosen to present its state aid payments due in June but received in July in the financial statements for the year ended June 30, 2011 rather than in July of the following fiscal year which is not in compliance with the Kansas prescribed basis of accounting. These payments were \$572,685 in the General Fund and \$64,225 in the Supplemental General Fund.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds and compensated absences are not presented in the financial statements.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

Debt Service Funds - to account for the accumulation of resources for, and the payments of, interest and principal and related costs, on general long-term debt.

Capital Projects Funds - to account for the financial resources segregated for the acquisition of major capital facilities.

Fiduciary Funds

Agency Funds - to account for assets held by the District as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended June 30, 2011 was not amended.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following special revenue funds: Textbook and Student Material Revolving, Federal Grants, State and Local Funds, Contingency Reserve, Gate Receipts, and School Projects.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Ad Valorem Tax Revenues

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied on November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10th of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

NOTE 2 - Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions, U.S. government securities, temporary notes; no-fund warrants, repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit investment choices.

Custodial credit risk is the risk in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not have any designated "peak periods" for the current year. All deposits were legally secured at June 30, 2011.

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term obligations:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds				
Series 2001	4.25 to 5.00%	12/01/01	\$ 7,900,000	09/01/18
Series 2005, Refunding	3.00 to 3.40%	03/01/05	5,055,000	09/01/13
Series 2008A	3.50 to 5.25%	12/15/08	10,000,000	09/01/29
Series 2009A	1.75 to 4.00%	12/15/09	12,900,000	09/01/30
Series 2010	2.00 to 3.00%	08/23/10	7,925,000	09/01/18
Capital Leases				
Land - 92 Acres	5.17%	07/25/01	\$ 500,000	07/20/10
Temperature Controls	6.40%	09/01/01	247,648	09/01/11
Land - Rhulen	7.00%	04/01/03	180,000	04/01/11
Apple Computers	6.34%	07/16/08	42,631	01/20/11

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - Long-Term Debt (Continued)

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District requested and received approval under K.S.A. 75-2315 which allows the issuance of bonded debt in excess of the general bond debt limitation. The ratio of net bonded debt to the assessed valuation as of June 30, 2011 was 44%.

	Beginning Principal <u>Outstanding</u>	Restatement of Principal <u>Outstanding</u>	Additions to Principal <u>Principal</u>	Reductions of Principal <u>Principal</u>	Ending Principal <u>Outstanding</u>
General Obligation Bonds					
Series 2001	\$ 7,885,000	\$ -	\$ -	\$ [7,565,000]	\$ 320,000
Series 2005A	2,115,000	[5,000]	-	[670,000]	1,440,000
Series 2008A	10,000,000	-	-	-	10,000,000
Series 2009A	12,900,000	-	-	-	12,900,000
Series 2010	-	-	7,925,000	-	7,925,000
Temporary Notes Payable:	135,000	-	-	[135,000]	-
Capital Leases					
Land - 92 acres	59,027	-	-	[59,027]	-
Temperature controls	62,524	-	-	[30,293]	32,231
Land - Rhulen	25,825	-	-	[25,825]	-
Apple Computer	12,418	-	-	[12,418]	-
	<u>\$ 33,194,793</u>	<u>\$ [5,000]</u>	<u>\$ 7,925,000</u>	<u>\$ [8,497,562]</u>	<u>\$ 32,617,231</u>

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 830,000	\$ 1,310,798	\$ 2,140,798
2013	780,000	1,279,425	2,059,425
2014	1,045,000	1,249,558	2,294,558
2015	1,515,000	1,220,148	2,735,148
2016	1,715,000	1,176,848	2,891,848
2017 - 2021	8,450,000	4,979,434	13,429,434
2022 - 2026	7,730,000	3,550,081	11,280,081
2027 - 2031	<u>10,520,000</u>	<u>1,285,189</u>	<u>11,805,189</u>
Total	<u>\$ 32,585,000</u>	<u>\$ 16,051,479</u>	<u>\$ 48,636,479</u>

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - Long-Term Debt (Continued)

On August 23, 2010, the District issued \$7,925,000 in refunding general obligation bonds, with a premium of \$342,322 with interest ranging from 2.0 to 3.0% to advance refund \$7,490,000, of 2001 general obligation bonds with interest rates of 4.25 to 5%. The net proceeds were used to establish escrow accounts invested in U.S. Government Securities to pay partial portions of the outstanding principal of the 2001 general obligation bonds and the interest due on the refunding bonds. As a result, a portion of the 2001 bonds were considered to be defeased and the liability for the defeased bonds has been removed from the District's financial statements. The transaction resulted in an economic gain of \$463,678 and a decrease of \$450,442 in future debt payments. At June 30, 2011, the remaining principal balance of outstanding debt issues previously defeased is \$7,490,000.

Annual debt service requirements to maturity for capital leases are as follows:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 32,231	\$ 2,063	\$ 34,294

NOTE 4 – Operating Leases

The District entered into an operating lease for the use of its copiers for a term of 60 months ending July, 2013. The current year rental payment under the lease was \$14,551. The District also entered into an operating lease for telephone service for a term of 60 months ending July, 2014. The current year rental payment under the lease was \$10,620. Minimum future rental payments under operating leases as of June 30, 2012 are \$25,171, \$10,903 for June 30, 2013 and \$10,620 for June 30, 2014.

NOTE 5 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Special Education	K.S.A. 72-6428	\$ 1,020,316
General	At-Risk (K-12)	K.S.A. 72-6428	401,698
General	At Risk (4 Year Old)	K.S.A. 72-6428	100,751
General	Vocational Education	K.S.A. 72-6428	209,205
General	Contingency Reserve	K.S.A. 72-6428	470,102
General	Bilingual Education	K.S.A. 72-6428	1,335
Supplemental General	Textbook and Student Material Revolving	K.S.A. 72-6433	80,000
Supplemental General	Professional Development	K.S.A. 72-6433	5,997
Supplemental General	Parent Education Program	K.S.A. 72-6433	56,998
Supplemental General	Special Education	K.S.A. 72-6433	605,000
Supplemental General	Vocational Education	K.S.A. 72-6433	20,000
New Construction	Bond and Interest	Bond Covenants	800,000
			<u>\$ 3,771,402</u>

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 6 - Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Ave., Topeka, Kansas 66603-3925).

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. Member-employees contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Estimated Kansas contributions to KPERS for the District employees for the years ending June 30, 2011, 2010, and 2009 were \$432,997, \$539,552, and \$609,287, respectively, equal to the required contributions for each year.

NOTE 7 - Compensated Absences

Classified. Twelve-month employees are eligible for vacation leave after completion of one year of continuous employment. Vacation time allowed is based upon years of service. Vacation days must be taken by October 31, following the fiscal year in which the days were earned. Vacation days shall not be cumulative or reimbursable. However, after five years of service, employees may carry five vacation days over to the next fiscal year. A classified employee earns a maximum of one day of sick leave for each month of service with a total accumulation of 65 day. Leave accrued after the 65 day maximum will be reimbursed at a rate of \$20 per day. Four days of personal leave are allowed each year to be used at the employee's discretion. These days can be reimbursed depending on the number of days used at one-half of the employee's daily rate of pay as per their job description. If a staff member uses none of the four personal days, they are reimbursed for two of those days; if one of the four days is used, they are reimbursed for one of the remaining personal days. If two or more of the four personal days are used. The remaining personal days shall become sick days and added to the employee's accumulation sick leave. A sick leave pool is available for employees to participate on at their discretion. A maximum of 15 days may be awarded from the sick leave pool to those members who have applied and are eligible.

Certified. Each Baldwin certified staff member shall be allowed 12 discretionary days per school year. Any unused days at the end of the school year shall become sick days and be added to the employee's accumulated sick leave. Sick leave can accrue to a maximum of 65 days. Teachers will be reimbursed at a rate equal to 60% of the daily substitute pay for sick leave accrued after the 65-day maximum. Administrators will be reimbursed at a rate equal to 65% of the employee's daily rate of pay for sick leave accrued after the 65-day maximum. Payment will be made by June 30. A sick leave pool is available for all certified teaching staff members to participate in. Not more than 100 days can be awarded from the pool in a given year.

The liability for compensated absences as of June 30, 2011 was \$36,308.

NOTE 8 - Termination Benefits

The District provides an early retirement incentive plan for eligible employees. Eligible employees are certified staff who are currently employed full time, have served a minimum of ten years of service in the District, have been enrolled in the district insurance for one year, and are retiring under KPERS (85 points or minimum age requirement). The plan provides \$300 a month benefit per employee, payable for five consecutive years after retirement or, until the calendar year the employee reaches 65 years of age. The remaining balance of the monthly premium is the responsibility of the employee which is to be paid to the District the first of each month with a two percent handling fee. The plan is an unfunded, noncontributory, defined benefit plan. Current year cost of the plan is \$86,000.

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 8 - Termination Benefits (Continued)

The outstanding liability for the retirees who have accepted this offer is as shown below.

Year Ended <u>June 30,</u>	Outstanding <u>Liability</u>
2012	\$ 86,000
2013	72,000
2014	48,000
2015	28,000
2016	<u>12,000</u>
Total	<u>\$ 246,000</u>

NOTE 9 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

NOTE 10 – Flexible Benefit Plan (I.R.C. Section 125)

The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the Plan beginning the first day of the month following thirty days of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Currently, all benefits offered through the Plan involve insurance coverage.

NOTE 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 - Contingency

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreement and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2011.

UNIFIED SCHOOL DISTRICT NO. 348
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. Department of Education			
Passed through Kansas			
Department of Education (KSDE):			
Title I	84.010	\$ 125,871	\$ 129,520
Title I (ARRA)	84.389	25,887	34,270
Tech Literacy	84.318	426	426
Title II-A Teacher Quality	84.367	32,443	32,443
State Fiscal Stabilization Funds (ARRA)	84.394	140,021	140,021
Program Improvement	84.048	9,967	9,967
Character Education Initiative	84.215	1,390	1,390
Tech Prep Aid	84.243	4,402	4,402
Education Jobs Funding	84.410	245,177	245,177
Total Passed Through KSDE		585,584	597,616
Total U.S. Department of Education		585,584	597,616
U.S. Department of Health and Human Services			
Passed through Kansas			
Department of Education (KSDE):			
Youth Risk Behavior Survey	93.938	750	750
Total U.S. Department of Health and Human Services		750	750
U.S. Department of Homeland Security			
Hazard Mitigation Grant	97.039	2,075,419	2,075,419
Total U.S. Department of Homeland Security		2,075,419	2,075,419
U.S. Department of Agriculture			
Passed through Kansas			
Department of Education (KSDE):			
School Breakfast	10.553	25,714	25,714
National School Lunch Program	10.555	149,600	149,600
Special Milk	10.556	808	808
Cash for Commodities	10.558	31,817	31,817
Team Nutrition Grants	10.574	1,695	1,547
Fresh Fruits and Vegetables	10.582	13,475	13,475
Total Department of Agriculture			
Passed Through KSDE		223,109	222,961
Total		\$ 2,884,862	\$ 2,896,746

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 348
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 348. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas statutory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 348
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

	Adverse - GAAP	
Type of auditor's report issued:	<u>Qualified - Prescribed Basis</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ <u>x</u> Yes	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Type of auditor's report issued on compliance for major programs:	_____ <u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.039	Hazard Mitigation Grant
Dollar threshold used to distinguish between type A and type B programs:	_____ <u>\$300,000</u>
Auditee qualified as low-risk auditee?	_____ Yes _____ <u>X</u> No

UNIFIED SCHOOL DISTRICT NO. 348
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2011

Section II - Financial Statement Findings

Current Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Management Response</u>
Not Applicable	2011-1	The District currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with food service receipting. In this function, one person can enter the billing information into the computerized system, collect cash and record the cash receipt into the system.	Recommended Practices	Not determined.	We recommend that cash controls provide that separate individuals be assigned to physical control and accounting control of cash receipt transactions. Additionally, we recommend that the District develop a blind count procedure that requires the cashier to count the cash without knowledge of the amount of cash receipted into the system. An individual independent of the receipting process would then reconcile the blind count to the amount recorded into the system on a daily basis. We also recommend that food service receipts be deposited into the bank separate from other deposits. In addition, we recommend that an individual independent of the food service receipting process review system exception reports for account write offs, credit adjustments, negative account balances and free and reduced status changes.	Agrees
Not Applicable	2011-2	The District currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with activity fund accounting. In this function, one person can post revenue to the computer system, prepare and post checks to the system, and reconcile the bank statement.	Recommended Practices	Not determined.	We recommend that cash controls provide that separate individuals be assigned to physical control and accounting control of the activity fund transactions. Additionally, we recommend that all schools use prenumbered receipts that are reconciled to the computer system by an individual independent of the receipting process.	Agrees

Prior Year Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Board of Education
Unified School District No. 348
Baldwin City, Kansas

We have audited the financial statements of Unified School District No. 348, (the District), Baldwin City, Kansas, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 8, 2011, which is a special report on the financial statements prepared in accordance with a basis of accounting prescribed by the State of Kansas. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the schedule of findings and questioned costs, as Finding 2011-1 and 2011-2, that we consider to be significant deficiencies in internal control over financial reporting. The District's response to this finding in that same section has not been audited by us and accordingly, we express no opinion on them. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

However, we noted certain other matters that we have reported to management in a separate letter dated December 8, 2011.

This communication is intended solely for the information and use of the Board of Education, administration, federal awarding agencies, pass through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Wett & Odemann, P.A.

December 8, 2011

LOWENTHAL, WEBB & ODERMANN, P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Unified School District No. 348
Baldwin City, Kansas

Compliance

We have audited the compliance of the Unified School District No. 348 (the District), Baldwin City, Kansas, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2011. Major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass through entities, is not intended to be, and should not be used by anyone other than these specified parties.

Lowenthal, Wett & Odenmann, P.A.

December 8, 2011